

Message Text

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ACTION NEA-12

INFO OCT-01 EB-11 ISO-00 SPC-03 AID-20 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 DODE-00 PM-07 H-03 L-03 PA-04 PRS-01 USIA-15

SCI-06 SCEM-02 INT-08 DRC-01 SAB-01 IO-14 /194 W

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P 210917Z DEC 73

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC PRIORITY 987

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E.O. 11652: N/A

TAGS: ETD, IS

SUBJ: POSSIBLE BUSINESS OPPORTUNITY:

COAL-FIRED POWER STATIONS

1. SENIOR REPRESENTATIVE OF ISREL ELECTRIC COMPANY (IEC), WHICH GENERATES ALMOST ALL OF ELECTRIC POWER IN ISRAEL, HAS APPROACHED EMBASSY FOR INFORMATION ON COAL-FIRED POWER STATIONS. ALL OF ISRAEL'S POWER IS NOW GENERATED BY OIL-FIRED POWER STATIONS. REPRESENTATIVE (G. PERLMAN, MANAGER, OIL DIVISION OF IEC) SAID THAT IEC HAD CONCLUDED THAT "DIVERSIFICATION AT ANY COST" WAS NECESSARY.

2. PERLMAN SAID THAT NEXT POWER STATION (ASHDOD D) SHOULD BE BUILT TO GO ON STREAM IN ABOUT EIGHTEEN MONTHS. IEC WANTED TO EXPLORE URGENTLY WITH KNOWLEDGEABLE EXPERT OF STANDING IN INDUSTRY

ECONOMIC ASPECTS OF CONSTRUCTING ASHDOD D TO BURN COAL. ISRAEL LACKS EXPERTISE IN COAL, AND TURNED TO EMBASSY FOR HELP IN FINDING IT. FOR IEC THIS WAS BUSINESS PROPOSITION. AS FIRST STEP, IEC CONTEMPLATES INVITING EXPERT TO COME HERE TO CONSULT, OR (MORE LIMITED OFFICIAL USE

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PROBABLY) SENDING REPRESENTATIVES TO UNITED STATES FOR CONSULTATION.

3. COMMENT: PERLMAN'S APPROACH IS CONSISTENT WITH OTHER INDICATIONS WE HAVE SEEN THAT ISRAEL CONSIDERS IT IMPERATIVE TO DIVERSIFY ITS ENERGY SOURCES. (NUCLEAR POWER STATIONS HAVE BEEN MENTIONED AS POSSIBILITY FURTHER DOWN ROAD.) WE TAKE THIS AS SERIOUS INTENTION BY IEC TO EXPLORE ECONOMICS OF BUILDING COAL-FIRED POWER STATION AT ASHDOD D. HOWEVER, TIMEING IS OBVIOUSLY VERY SHORT; IEC WILL HAVE TO BEGIN CONSTRUCTION SOON, AND ALL PLANS HITHERTO HAVE ASSUMED OIL AS ENERGY SOURCE. ACCORDING TO PERLMAN, NEXT POWER STATION AFTER ASHDOD D IS NOT DUE TO GO ON STREAM UNTIL 1977/1978, AND THIS IS TOO FAR AWAY TO BE OF INTEREST. IF CONSULTATION SATISFACTORY IT COULD LEAD TO SALES OF EQUIPMENT; PERLMAN SAID IEC IS DISPOSED FOR MANY REASONS TO BUY AMERICAN.

4. ACTION REQUESTED: WE REQUEST NAME, ADDRESS, TELEPHONE NUMBER, AND BUSINESS AFFILIATION OF KNOWLEDGEABLE EXPERT OF STANDING IN INDUSTRY, WHOM IEC COULD CONTACT, IMMEDIATELY FOR ADVICE ON ECONOMIC ASPECTS (COMPETITIVENESS, SOURCES AND TYPES OF COAL, COSTS, ETC.) OF CONSTRUCTING COAL-FIRED POWER STATION. FOR NOW THESE ARE MORE IMPORTANT THAN TECHNICAL KNOWLEDGE, THOUGH LATTER WOULD BE USEFUL. THOUGH PERLMAN WAS UNCLEAR, DOUBTLESS FOR LACK OF EXPERTISE, CONVERTIBILITY BETWEEN OIL AND COAL COULD BE DESIRABLE SELLING POINT.

5. PERLMAN SAID FOREGOING WAS NOT SECRET, BUT SAID IEC DID NOT WANT IT WIDELY KNOWN OR DISSEMINATED.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 21 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TELAV10354
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973129/aaaaagjx.tel
Line Count: 89
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 02 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02-Jan-2002 by shawdg>; APPROVED <16-Jan-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POSSIBLE BUSINESS OPPORTUNITY: COAL-FIRED POWER STATIONS
TAGS: ENRG, IS
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005